

**2Q
2023**

| ATSG

QUARTERLY PRESENTATION



**RICH CORRADO | PRESIDENT & CEO
JOE PAYNE | CLO
MIKE BERGER | CSO
QUINT TURNER | CFO**



SAFE HARBOR STATEMENT

Except for historical information contained herein, the matters discussed in this release contain forward-looking statements that involve risks and uncertainties. A number of important factors could cause Air Transport Services Group, Inc.'s ("ATSG's") actual results to differ materially from those indicated by such forward-looking statements.

These factors include, but are not limited to, unplanned changes in the market demand for our assets and services, our operating airline's ability to maintain on-time service and control costs; the cost and timing with respect to which we are able to purchase and modify aircraft to a cargo configuration; fluctuations in ATSG's traded share price and in interest rates, which may result in mark-to-market charges on certain financial instruments; the number, timing and scheduled routes of our aircraft deployments to customers; our ability to remain in compliance with key agreements with customers, lenders and government agencies; the impact of current supply chain constraints, both within and outside the U.S., which may be more severe or persist longer than we currently expect; the impact of the current competitive labor market; changes in general economic and/or industry-specific conditions, including inflation; and other factors as contained from time to time in our filings with the SEC, including ATSG's annual report on Form 10-K and quarterly reports on Form 10-Q.

Readers should carefully review this presentation and should not place undue reliance on ATSG's forward-looking statements. These forward-looking statements were based on information, plans and estimates as of the date of this presentation. Except as may be required by applicable law, ATSG undertakes no obligation to update any forward-looking statements to reflect changes in underlying assumptions or factors, new information, future events or other changes.

This presentation also refers to non-GAAP financial measures from continuing operations, including adjusted earnings, adjusted earnings per share, adjusted pretax earnings, adjusted EBITDA, and adjusted free cash flow. Management believes these metrics are useful to investors in assessing ATSG's financial position and results. These non-GAAP measures are not meant to be a substitute for ATSG's GAAP financials. We advise you to refer to the reconciliations to GAAP measures, which are included in the company's 8-K and accompanying earnings release furnished and dated 08/03/2023.

2023

SECOND QUARTER

HIGHLIGHTS

**Customer
Revenues \$529
million**

**Up \$20 million or
4% over 2Q 2022**

**Adjusted Free
Cash Flow****

**Up 19% to \$423
million, trailing
twelve months**

**2Q 2023
Adjusted
EBITDA*
\$157 million,**

Flat vs 2Q 2022



**GAAP EPS (basic)
from Continuing
Operations
\$0.54,**

**vs. \$0.73 in
2Q 2022**

**Adjusted EPS*
of \$0.57,**

**vs \$0.59 in
2Q 2022,
down 3%**

**2023
Adjusted
EBITDA
Guidance of
\$610 – \$620
million**

* Non-GAAP measure, please see the company's 8K and accompanying earnings release for GAAP reconciliation furnished and dated August 3, 2023

**Non-GAAP measure, please see enclosed GAAP reconciliation

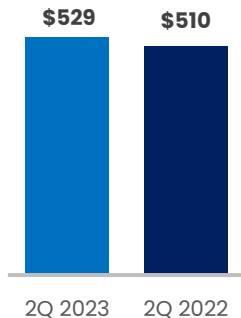
2Q 2023

FINANCIALS

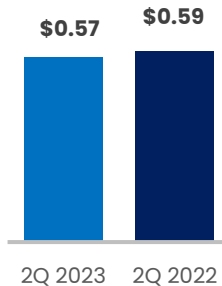
(\$ in millions except per share data)



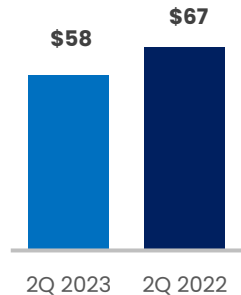
REVENUE



ADJUSTED EPS*



ADJUSTED PRE-TAX EARNINGS*

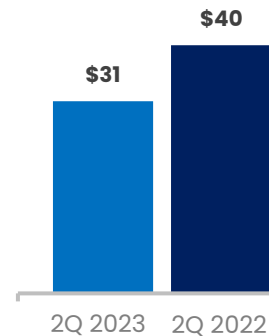


ADJUSTED EBITDA*

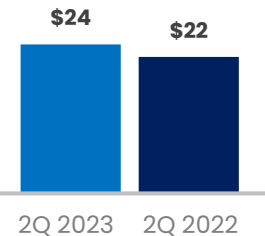


PRETAX INCOME BY SEGMENT

CAM



ACMI SERVICES



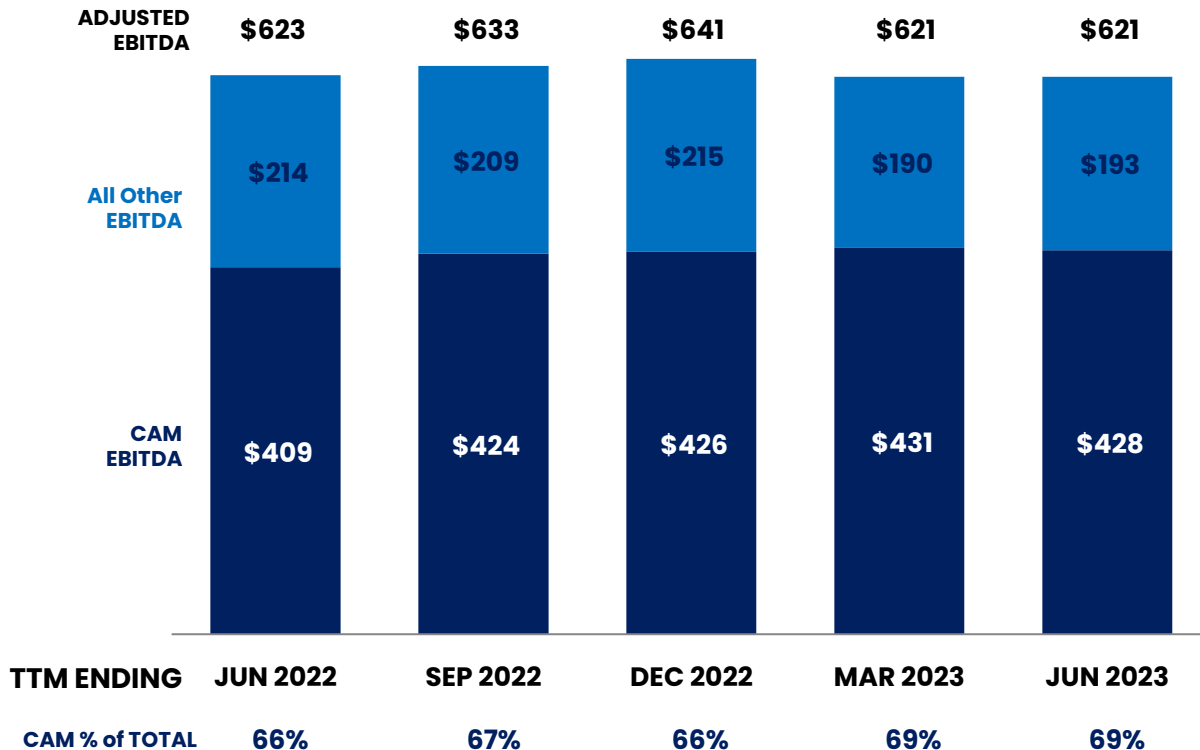
* Non-GAAP measure, see GAAP reconciliation attached. For more information about non-GAAP adjustments, see the company's 8K and accompanying earnings release.

-TRAILING TWELVE MONTH TREND

ADJUSTED EBITDA*



(\$ in millions)



- 2Q 2023 Adjusted EBITDA of \$157M, flat vs 2Q 2022
- 2Q 2023 CAM Adjusted EBITDA of \$104M, down \$3M vs 2Q 2022
- Continue to see record freighter lease deployments in 2023
- In-service fleet increased by four aircraft since June 2022
- Eight customer provided aircraft added to ACMI Services freighter fleet since June 2022
- Subsequent to end of 2Q 2023, CAM deployed six additional leased freighters

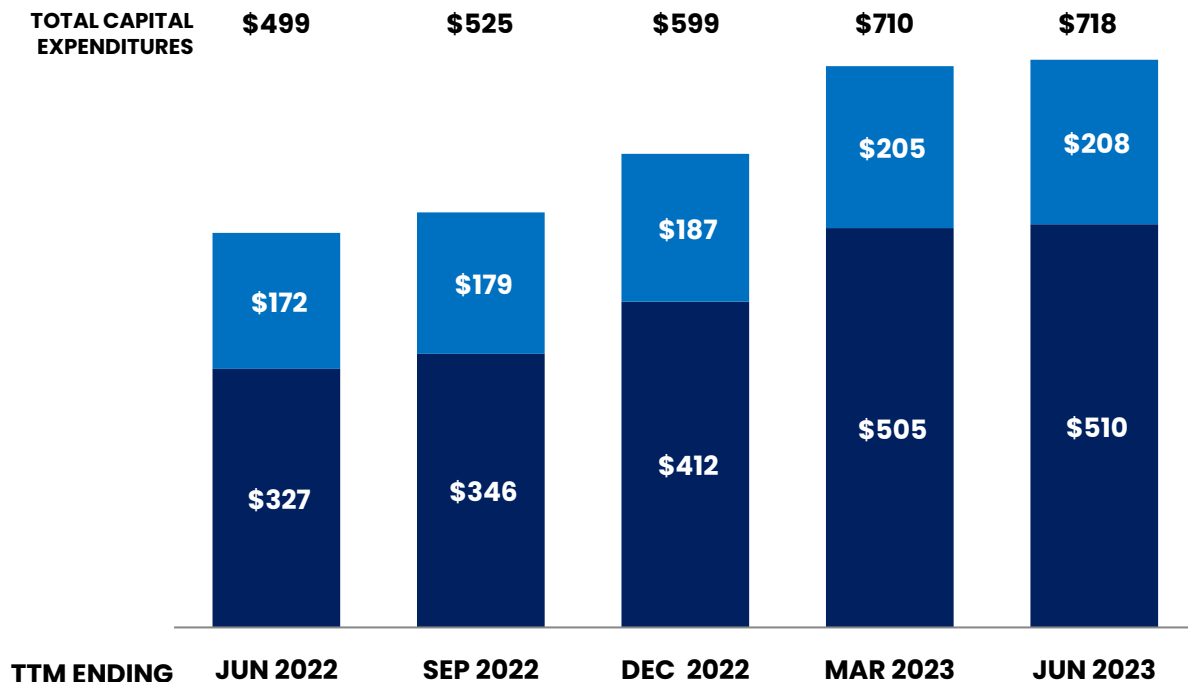
*Non-GAAP measure, see GAAP reconciliation attached. For additional information about non-GAAP adjustments, see the company's 8K and accompanying earnings release.

-TRAILING TWELVE MONTH TREND

CAPITAL EXPENDITURES



(\$ in millions)



SUSTAINING CAPITAL EXPENDITURES	Cost of planned airframe maintenance, engine overhauls, technology, and other property and equipment.
GROWTH CAPITAL EXPENDITURES	Cost of aircraft acquisitions and freighter modifications.

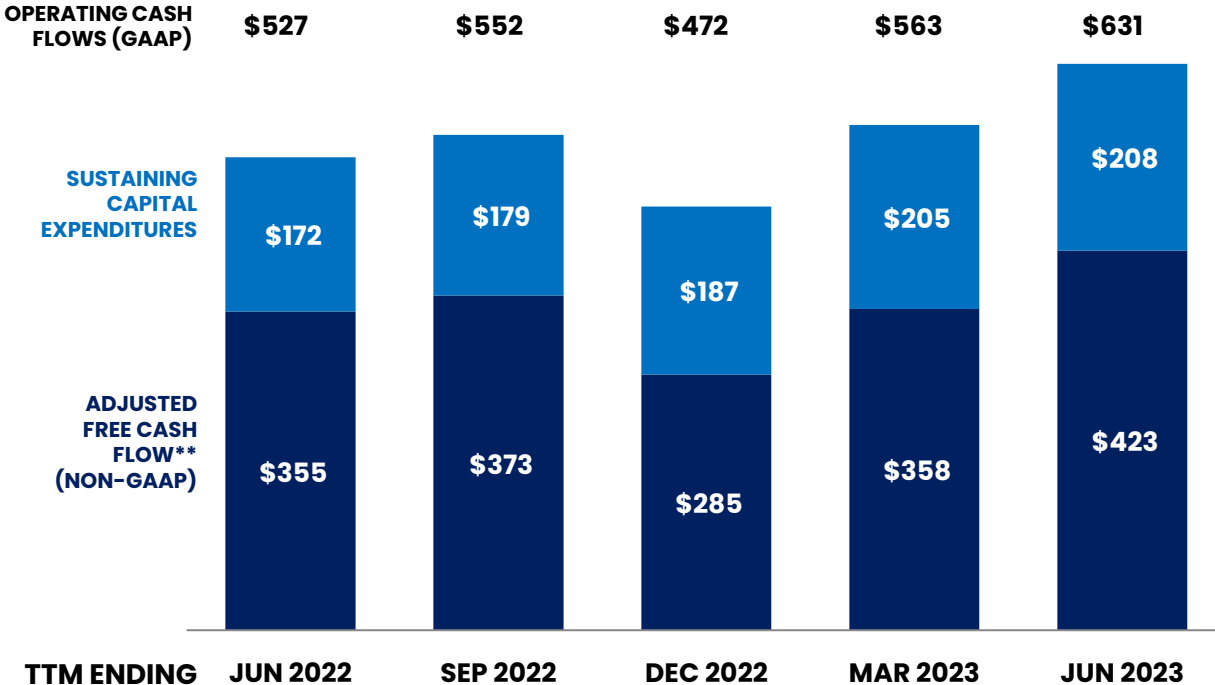
- **Twenty-nine aircraft in or awaiting conversion on June 30, 2023: twenty 767-300s and nine A321s.**
- **Projected 2023 Total Capital spend of \$785M - \$240M for Sustaining and \$545M for Growth.**

-TRAILING TWELVE MONTH TREND

ADJUSTED FREE CASH FLOW**



(\$ in millions)



- Strong growth in adjusted free cash flow, driven by higher operating cash flows, more than offsetting slightly higher sustaining capital expenditures.

**Adjusted Free Cash Flow is a Non-GAAP measure and equals Operating Cash Flow less Sustaining Capital Expenditures

CAPITAL STRUCTURE

(\$ in thousands)



	December 31,		June 30,
	2021	2022	2023
Senior Secured Revolver	\$360	\$620	\$670
Unsecured Notes			
Convertible Notes	259	259	259
Unsecured Notes Payable	700	580	580
Total Debt Maturity Values	\$1,319	\$1,459	\$1,509
Leverage Ratio Bank Agreement	2.06X	2.22X	2.43X

- Unused capacity of \$419M under senior revolver facility as of June 30, 2023
- Added \$100M revolver facility in Ireland in 2023
- Approximately 4 million shares repurchased since October 2022, including 950k shares in 2Q 2023

Revolver is SOFR based, Debt-to EBITDA variable rate 6.51%, expires Oct 2027

Unsecured Notes, fixed coupon rate of 4.75%, due Feb 2028

Convertible Notes, fixed coupon rate of 1.125%, due Sept 2024

2Q 2023

OVERVIEW

- **ACMI Services pretax up 10% YoY to \$24 million, up \$26 million from the first quarter on improved passenger airlines operations, more 767 freighters in CMI service**
- **CAM pretax down 22%; Three newly converted 767-300 freighter added to CAM's leased fleet during the first half and several 767-200 freighters removed from service under scheduled returns**
- **Four 767-200s leased to Amazon returned during the quarter; seven remain in service**

FLEET

INVESTMENTS & RETURNS

- **CAM scheduled to lease nineteen newly converted freighters (14-767s, 5-A321-200s) in 2023 to generate double-digit returns on invested capital**
- **Freighter deployments ramped up in July, with four 767-300s and two A321s delivered since the end of the quarter**
- **Managing the scheduled return of 767-200s with active discussions to re-lease or sell uncommitted aircraft**
- **Reduced capital expenditure outlook by \$65 million to \$785 million, reflecting fewer feedstock aircraft purchases for conversion and fewer planned engine overhauls**
- **A330 conversions continue as planned with three feedstock purchases this year for conversion and lease to customers in 2024**

2023

OUTLOOK

- ▀ **Adjusted EBITDA for 2023 to be \$610 – \$620 million**
- ▀ **Full year 2023 Adjusted EPS to be \$1.65 – \$1.80**
- ▀ **2023 capital spending \$785 million, including \$240 million in sustaining capex and \$545 million for growth**
- ▀ **ATSG remains midsize freighter market leader, with superior customer service record and strong balance sheet**

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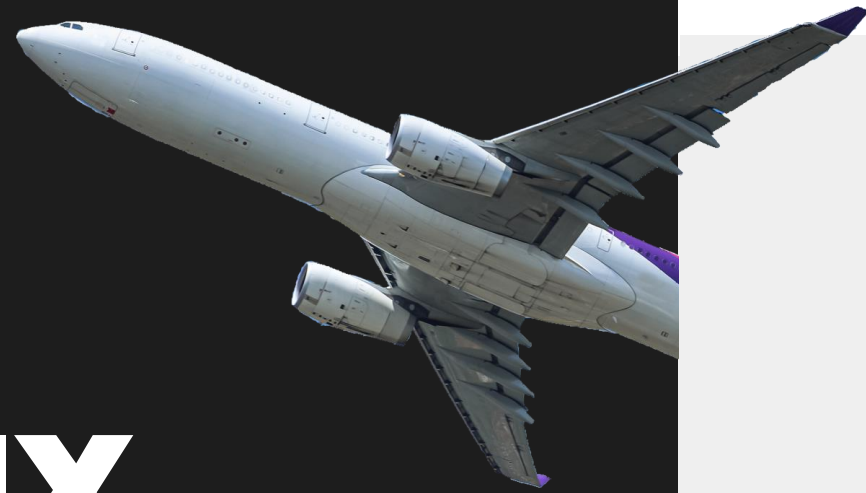
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QUESTION

AND

ANSWER

**2Q
2023**



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APPENDIX

-ADJUSTED EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION

NON-GAAP RECONCILIATION



Consolidated ADJUSTED EBITDA

Trailing twelve months ended	2Q2022	3Q2022	4Q2022	1Q2023	2Q2023
GAAP Pre-Tax Earnings (Loss) from Cont Ops	\$ 276	\$ 260	\$ 260	\$ 222	\$ 202
Interest Income	\$ -	\$ -	\$ -	\$ (1)	\$ (1)
Interest Expense	\$ 50	\$ 48	\$ 47	\$ 51	\$ 59
Depreciation and Amortization	\$ 325	\$ 331	\$ 331	\$ 334	\$ 335
Add customer incentive amortization	\$ 23	\$ 23	\$ 23	\$ 23	\$ 22
Less government grants recognized	\$ (45)	\$ (15)	\$ -	\$ -	\$ -
Add non-service components of retiree benefit	\$ (20)	\$ (20)	\$ (20)	\$ (11)	\$ (3)
Less net (gain) loss on financial instruments	\$ 7	\$ (2)	\$ (9)	\$ (5)	\$ -
Add loss from non-consolidated affiliates	\$ 7	\$ 7	\$ 8	\$ 7	\$ 6
Add hangar foam incident	\$ -	\$ 1	\$ 1	\$ 1	\$ 1
Adjusted EBITDA (non-GAAP)	\$ 623	\$ 633	\$ 641	\$ 621	\$ 621

-ADJUSTED EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION

NON-GAAP RECONCILIATION



CAM ADJUSTED EBITDA

Trailing twelve months ended	2Q2022	3Q2022	4Q2022	1Q2023	2Q2023
Segment Earnings	\$ 137	\$ 145	\$ 143	\$ 142	\$ 134
Add: net interest expense	\$ 33	\$ 32	\$ 31	\$ 33	\$ 38
Add: Depreciation & amortization	\$ 219	\$ 227	\$ 232	\$ 236	\$ 237
Add: lease incentive amortization	\$ 20	\$ 20	\$ 20	\$ 20	\$ 19
CAM Adjusted EBITDA (non-GAAP)	\$ 409	\$ 424	\$ 426	\$ 431	\$ 428